



FCC's rules by the Commission would have to apply on a prospective basis only [REDACTED]

[REDACTED] Coral determines the date upon which a customer's line will be disconnected pursuant to its disconnection policy. As a provider of pre-paid mobile services, a customer can purchase more pre-paid services at any time until the customer's line is disconnected pursuant to the disconnection policy. As such, until the day of disconnection pursuant to the disconnection policy, it is impossible to know whether a customer's line will be disconnected or not. Therefore, Coral's interpretation of Section 54.307(c) of the FCC's rules is reasonable and consistent with FCC precedent.

If Coral Wireless does not respond to this letter with additional documentation or an updated response by **May 6, 2011**, IAD will submit the Firm's finding and Coral Wireless' original response (as noted above) to USAC management to determine what action, if any, is required. If USAC Management determines that corrective action is necessary, they will be in contact with you.



Deloitte & Touche LLP  
Suite 800  
1750 Tysons Boulevard  
McLean, VA 22102  
USA

Tel: +1 703 251 1600  
Fax: +1 703 272 9014  
[www.deloitte.com](http://www.deloitte.com)

December 30, 2008

Mr. Barry Rinaldo  
Coral Wireless Dba Mobi PCS  
733 Bishop Street, Suite 1200  
Honolulu, HI 96813  
808-723-2017

RE: Study Area Code (SAC) # 629002

Dear Mr. Rinaldo:

Deloitte & Touche LLP ("D&T") has been engaged to assist the Universal Service Administrative Company's ("USAC") Internal Audit Division in its examination of recipients of Universal Service Fund ("USF") High Cost Program ("HCP") funds. We plan to conduct a compliance attestation examination ("examination") related to disbursements from USF for the year ended June 30, 2008. It is anticipated that the examination will take approximately two weeks and will commence on February 2, 2009. The efficiency of the examination will depend on your availability, the availability of your staff, the condition of the documentation made available prior to and during the course of the examination, and the timeliness of your response to the attached data request.

#### **Nature of the Examination**

As more fully described in *Government Auditing Standards* and AICPA Compliance Attestation Standards (Section AT 601), a compliance attestation engagement requires that management:

- Perform an evaluation of its compliance with applicable requirements of Federal Communications Commission ("FCC") rules at 47 C.F.R. Part 54, Subparts C, D, and K and Part 36, Subpart F as well as applicable FCC Orders governing the HCP;
- Acknowledge (in the form of an assertion letter, an example of which is attached for your reference) responsibility for compliance with applicable requirements of the Rules and Orders; and
- Provide a management representation letter to D&T. The form and content of the management representation letter will be discussed with management during the course of the examination

**D&T Contacts**

For your information and use, the examination program will be led by the following D&T personnel:

Name	Company	Position	Phone	Email
Joan Schweizer	D&T	Lead Audit Director	703-251-1210	jschweizer@deloitte.com
Peter Murtin	D&T	Lead Audit Senior Manager	703-251-1343	pxmurtin@deloitte.com

Other D&T personnel will perform the examination work. These individuals will be communicated to you prior to the commencement of the examination.

**Other Matters**

The examination will focus on the eligibility of your company for HCP support and the accuracy of information based on which your company seeks HCP support. We have attached a listing of the documents needed to facilitate our examination.

Requested documents (as shown in the attachment), are to be provided by email and should be sent to the following address **within fifteen business days of receipt of this letter**. Any documents that cannot be emailed can be mailed to the following address:

Deloitte & Touche LLP  
Attn: Peter Murtin  
Suite 800  
1750 Tysons Boulevard  
McLean, VA 22102-4219  
Email: [usmcleanusacaudit@deloitte.com](mailto:usmcleanusacaudit@deloitte.com)

Please recognize that D&T has the same authority as USAC's Internal Audit Division to request and view documents.

A D&T manager (or other designated team member) will contact you directly to discuss the attached data request so that any questions can be addressed before the examination commences. D&T will conduct a "kick-off" call to discuss the examination, project objectives, coordination, etc. with your key individuals responsible for the HCP.

At the completion of D&T's examination, D&T will conduct a final closing call to discuss the results of the examination and to discuss next steps in the examination process.


The results of D&T's work, as well as your comments received during the final call, will be presented in a draft report to USAC and the FCC Office of Inspector General ("FCC OIG"). Upon review and approval of the report by USAC Management and the FCC OIG, the report will be distributed to appropriate parties.

The following USAC website may answer some of your general questions regarding the High Cost Program:

<http://www.universalservice.org/hc>

If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to call me at 703-251-1210.

Regards,

  
Joan Schweizer  
Audit Director

4 Attachments:

1. Documents to be provided to Deloitte & Touche LLP within fifteen (15) days of receipt of this letter
2. Assertion Letter
3. USAC Letter
4. FCC Letter



**Federal Communications Commission  
Washington, D.C. 20554**

November 5, 2008

Dear High Cost Program Beneficiary:

Under the oversight of the Federal Communications Commission ("FCC") Office of Inspector General ("OIG"), the Universal Service Administrative Company ("USAC") is auditing carriers that receive federal Universal Service Funds ("USF") from the FCC's High Cost Support Program. Under this audit process your company was randomly selected for audit, and USAC retained a CPA audit firm to audit your company. As a consequence, the FCC's Inspector General ("IG") expects that the assigned Certified Public Accountant ("CPA") auditing firm will be given immediate and complete access to the books, records, and any other supporting documentation that was requested of your company in the audit announcement letter from USAC and any additional information that the auditor shall require.

As the FCC appointed administrator of the Universal Service support mechanisms,<sup>1</sup> USAC is legally authorized to audit carriers reporting USF data.<sup>2</sup> The FCC, the FCC's IG, and USAC may request and obtain all records, documents and other information that is necessary to determine whether your firm has been in compliance with FCC and state requirements for the High Cost Support Program.<sup>3</sup> Under the Commission's rules, carriers are required to maintain records and documents that demonstrate compliance with the FCC's rules and orders that are applicable to the High Cost fund. Upon request from the FCC, OIG, or USAC, carriers shall provide such records to the FCC, OIG, or to USAC's auditors.

We look forward to your full and complete cooperation with the assigned CPA audit firm in its efforts to complete the audit of your firm. Failure to comply with the FCC's rules will subject your company to the enforcement provisions (e.g., fines and forfeitures) of the Communications Act of 1934, as amended, as well as other applicable laws and regulations.

<sup>1</sup> 47 C.F.R. § 54.701 (a).

<sup>2</sup> 47 C.F.R. § 54.707. See also Inspector Generals' Act of 1978, 5 USC, App. at § 6.

<sup>3</sup> 47 C.F.R. § 32.12; 5 U.S.C., App. 3, § 6 (a) (1); 47 U.S.C. § 220 (c).

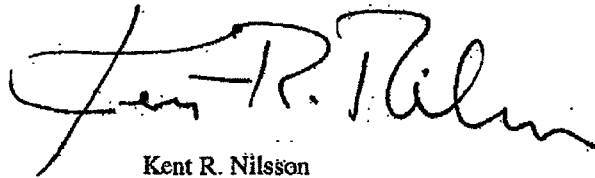
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ATTACHMENT 2

If you have any questions, please contact William Garay, Assistant Inspector General for Universal Service Fund Oversight, at (202) 418-7899 / [William.Garay@fcc.gov](mailto:William.Garay@fcc.gov) or Paul Hartman, Management and Program Financial Advisor, at (202) 418-0992 / [Paul.Hartman@fcc.gov](mailto:Paul.Hartman@fcc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Kent R. Nilsson". The signature is fluid and cursive, with the first name "Kent" and last name "Nilsson" clearly distinguishable.

Kent R. Nilsson  
Inspector General

cc: Mr. Jeffrey A. Mitchell, Esq., USAC



## Internal Audit Division

Wayne M. Scott  
Vice President

November 12, 2008

RE: FCC Inspector General Universal Service Fund Audits – Round 3 (2008-2009)

Dear High Cost Program Beneficiary:

The Universal Service Administrative Company (USAC) has engaged the services of professional public accounting firms (audit firms) to perform examinations of recipients of Universal Service Fund (USF) High Cost Program (HCP) funds. These examinations are being conducted under the direction of the Federal Communications Commission (FCC) Office of Inspector General (OIG) principally to assess compliance with FCC Rules and to address requirements related to the Improper Payment Information Act (IPIA).<sup>1</sup> The examination of your company relates to compliance with FCC Rules and HCP disbursements for the period July 1, 2007 through June 30, 2008. The efficiency of the examination will depend on your availability, the availability of your staff and the condition of the documentation made available prior to and during the course of the examination.

*Nature of the examination*

As more fully described in Governmental Auditing Standards and AICPA Standards (Section AT 601), a compliance attestation examination requires that management:

- 1) Perform an evaluation of its compliance with 47 C.F.R. Part 54, Subparts C, D, J and K and Part 36, Subpart F Rules and other applicable rules or FCC orders ("Rules and Orders")
- 2) Acknowledge (in the form of an assertion letter, an example assertion letter is attached for reference) responsibility for compliance with applicable requirements of the Rules and Orders; and
- 3) Provide a management representation letter to the audit firm performing the examination. The form and content of the management representation letter will be discussed with management at the inception of this examination.

*Contact Information*

The audit firm will provide you with contact information of audit firm personnel responsible for conducting the audit. If you have any questions or concerns that the audit firm cannot address, please contact the following USAC personnel:

<sup>1</sup> Public Law 107-300, Stat. 2350, November 26, 2002.

Name	Company	Position	Phone Number	Email	
Jeff Mitchell	USAC	Director, Outsourced Audit Services	202-776-0200	<a href="mailto:jmitchell@usac.org">jmitchell@usac.org</a>	
Wayne M. Scott	USAC	Vice President, Internal Audit	202-776-0200	<a href="mailto:wscott@usac.org">wscott@usac.org</a>	

*Other matters:*

Please recognize that the audit firm has the same authority as USAC's Internal Audit Division to request and view documents.

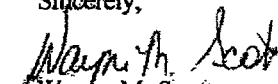
The results of the audit firm's work including your management's written response will be presented in a draft report to USAC and the FCC Office of Inspector General (FCC OIG). Upon review and approval of the report by USAC in consultation with FCC OIG, the report will be distributed to appropriate parties.

The following USAC website may answer some of your general questions regarding the High Cost Program:

<http://www.universalservice.org/hc>

If there are any matters or issues that you would like to make us aware of, or if you have any questions or concerns, please feel free to call Mr. Jeff Mitchell or myself.

Sincerely,

  
Wayne M. Scott

Vice President, Internal Audit Division

Universal Service Administrative Company

Attachment: Example Assertion Letter



5/18/2011

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Mobi PCS Mail - info needed

ATTACHMENT 3



Peter Gose <peter.gose@mobipcs.com>

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## info needed

1 message

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Morris, Brian R (US - Washington D.C.) <brimorris@deloitte.com>

Fri, Feb 27, 2009 at 3:14 PM

To: "Peter.gose@mobipcs.com" <Peter.gose@mobipcs.com>, "barry.rinaldo@mobipcs.com" <barry.rinaldo@mobipcs.com>

Hi Peter/Barry,

I called and left a v-m earlier but I wanted to send an email in case you didn't get it yet. I am working on the testing of your line count file, "addresses for geocoding.xls". We need to have phone numbers & exchange data fields in the file as well. We need to be able to tie the file to the line count that was submitted. Also we need your Form 507's. We have the form 525. If you have questions you can reach me at 571-276-3720 or just reply to my email.

Regards,

Brian

**Brian Morris**

Audit & Enterprise Risk Services  
Deloitte & Touche, LLP

Tel: +1 202 572 7674

Fax: +1 202 661 1717

Mobile: +1 571 276 3720

brimorris@deloitte.com

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Any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited. [v.E.1]

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5/18/2011

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Mobi PCS Mail - info needed

ATTACHMENT 3

5/18/2011

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Mobi PCS Mail - Coral Wireless Line co...

ATTACHMENT 4



Peter Gose <peter.gose@mobipcs.com>

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## Coral Wireless Line count file & geocoding

1 message

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Morris, Brian R (US - Washington D.C.) <brimorris@deloitte.com>

Fri, Feb 27, 2009 at 4:21 PM

To: Barry Rinaldo <barry.rinaldo@mobipcs.com>, Peter Gose <Peter.gose@mobipcs.com>, "DiMaria, Patricia (US - McLean)" <pdimaria@deloitte.com>, "Armstrong, Shawna (US - Washington D.C.)" <sharmstrong@deloitte.com>, "Doroh, Jeffrey (US - Washington D.C.)" <jdoroh@deloitte.com>

When: Monday, March 02, 2009 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada).

Where: 1(888) 998-2663 code= 2763720

\*\*\*\*\*

Hi all,

This call is to discuss the line count files provided by Coral Wireless and geocoding of the addresses to derive the line count submitted on the Form 525.

Peter and I had a discussion this afternoon about a couple of issues related to the address (line count) spreadsheets submitted to Deloitte and the Forms 525/507. Peter cleared up the confusion I had around the 525 & 507 forms. The only other issue I have is the line count file. That is, 1. We need the phone number in the file and 2. The issue around geocoding to determine line count.

Thanks for your call Peter and all your help. I hope everyone has a good weekend and I'll see you on the call Monday.

Regards,  
Brian

**Brian Morris**  
Audit & Enterprise Risk Services  
Deloitte & Touche, LLP

Tel: +1 202 572 7674  
Fax: +1 202 661 1717  
Mobile: +1 571 276 3720  
brimorris@deloitte.com

5/18/2011

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Mobi PCS Mail - Coral Wireless Line co...

ATTACHMENT 4

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ATTACHMENT 5



# USF Participation Methodology

**Peter Gose**

*Mobi PCS – Director Regulatory Affairs*

*733 Bishop Street, Suite 1200*

*Honolulu, Hawaii 96813*

*(808) 723-2072*

*[peter.gose@mobipcs.com](mailto:peter.gose@mobipcs.com)*

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March 02, 2009

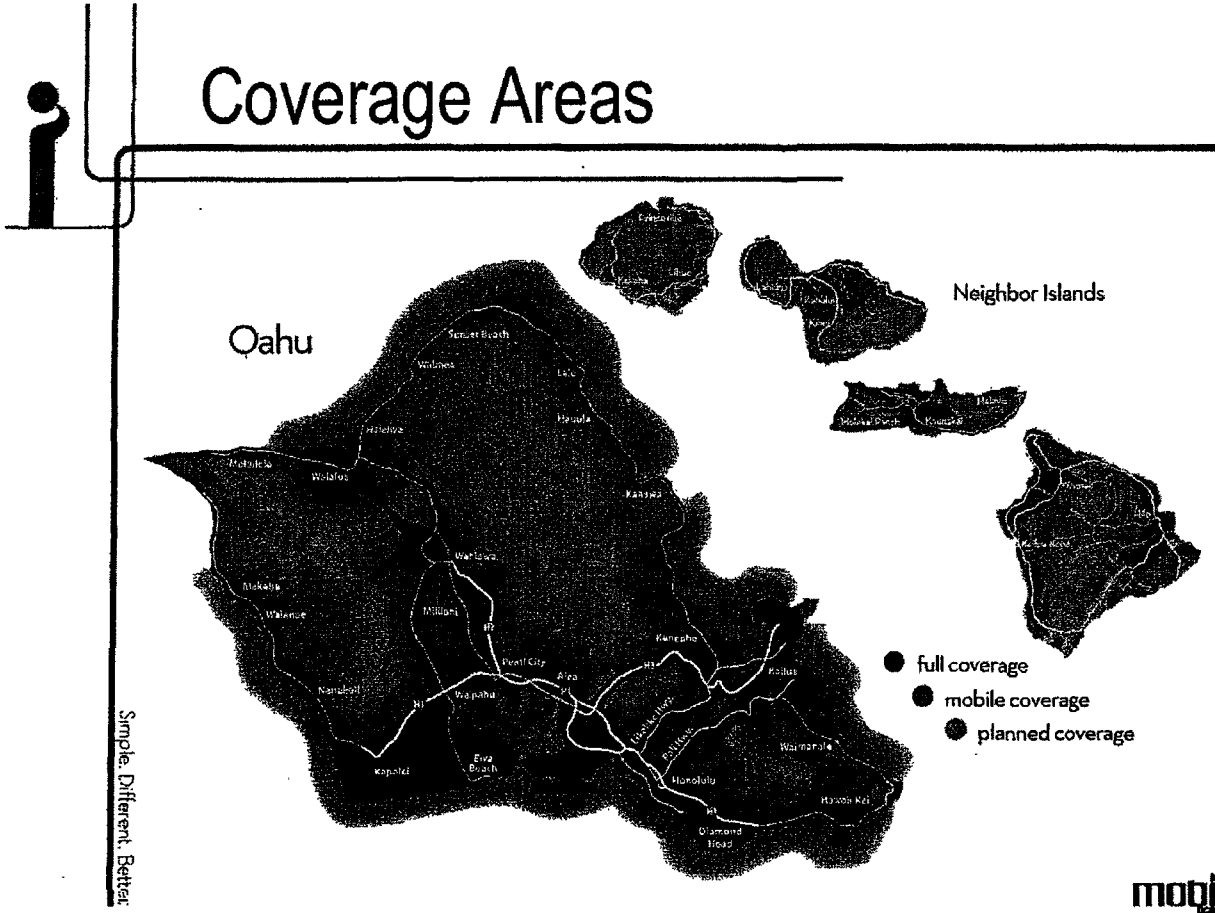


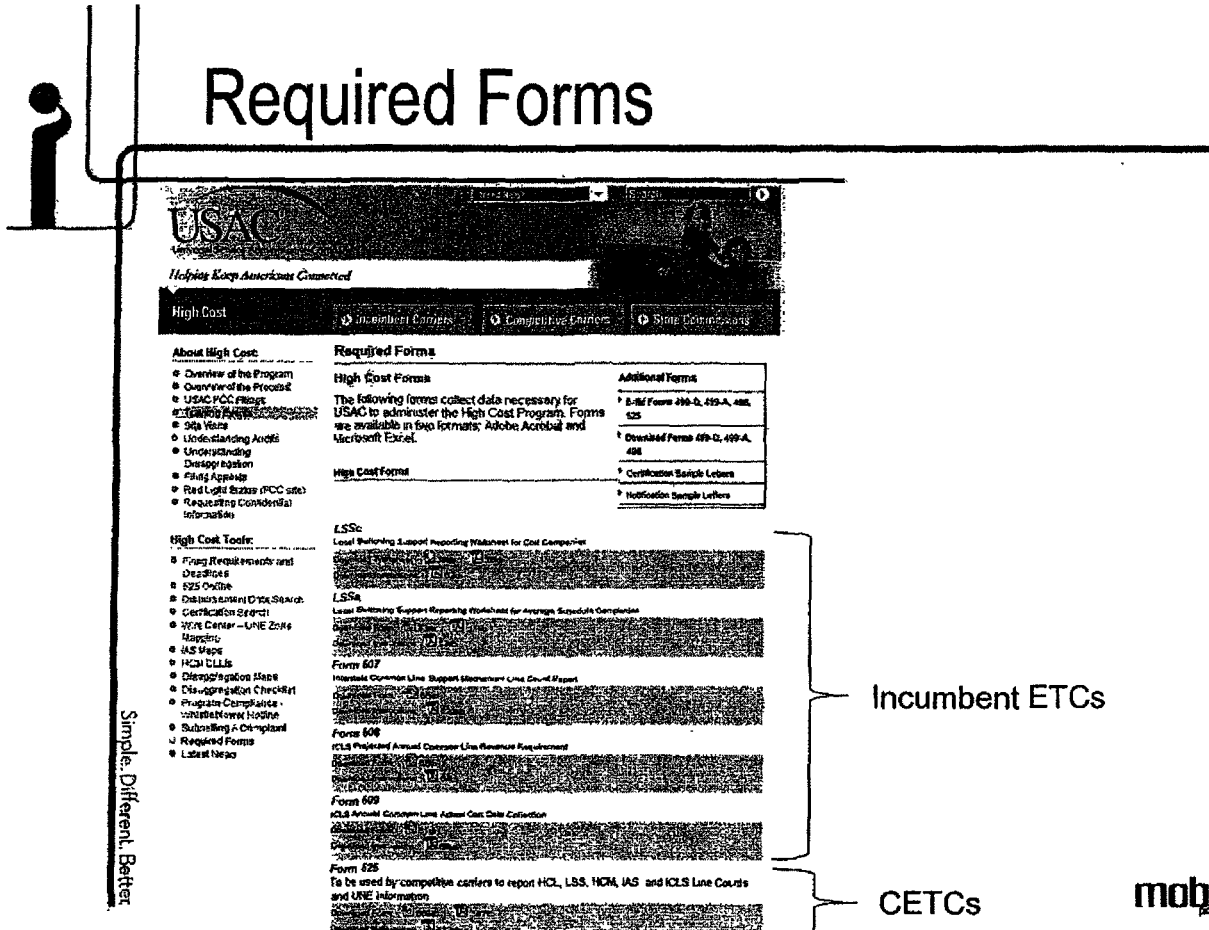
## Mobi PCS Introduction



- Coral Wireless LLC founded in 2003
  - Operates as Mobi PCS
- CMRS provider serving State of Hawaii
- Mobi built its own network featuring the latest in CDMA technology
- Oahu service launched January 2006
  - Neighbor Island service began in December 2007
- First wireless carrier in Hawaii to offer
  - Unlimited calling
  - No contracts
  - No credit checks
  - Low flat rate service

**mobi**





## Incumbent ETCs

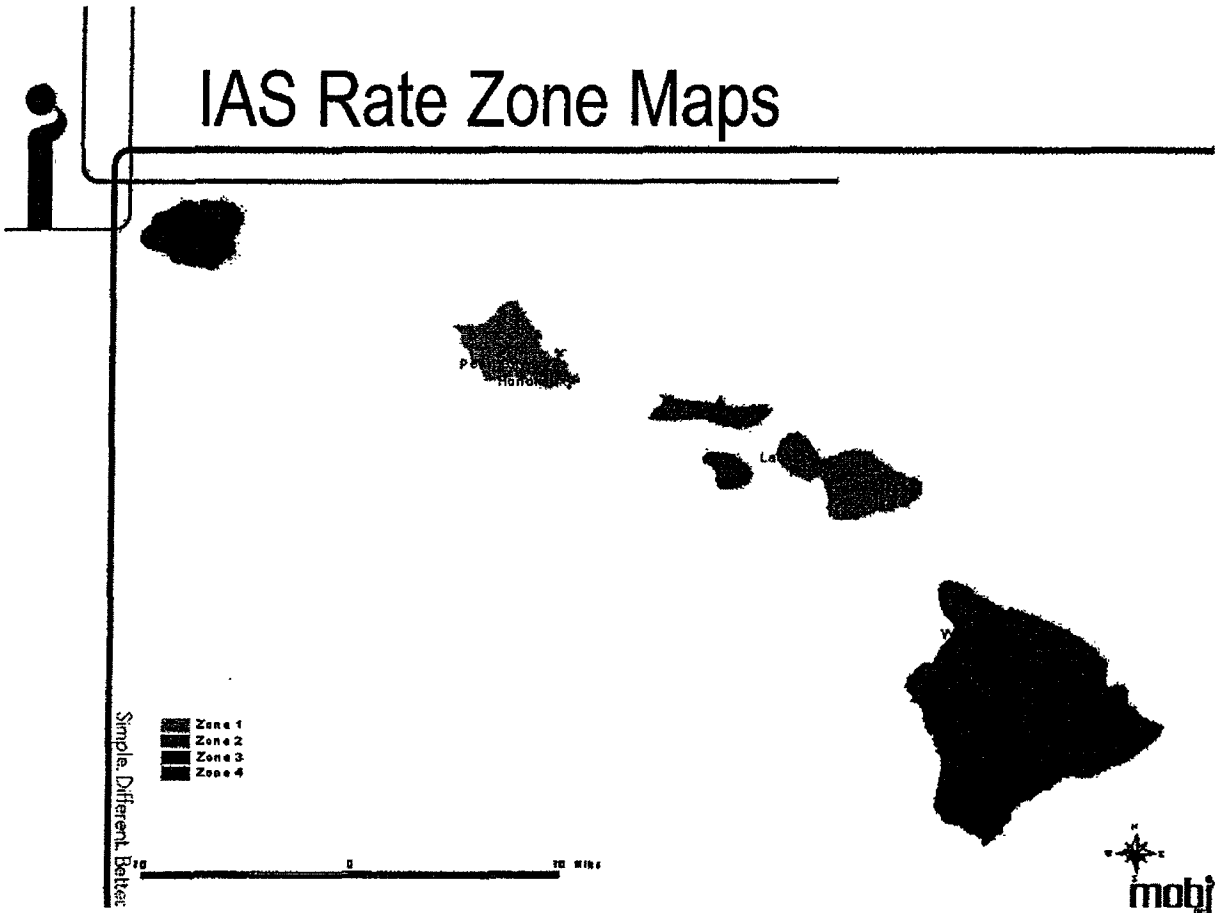
## CETCs

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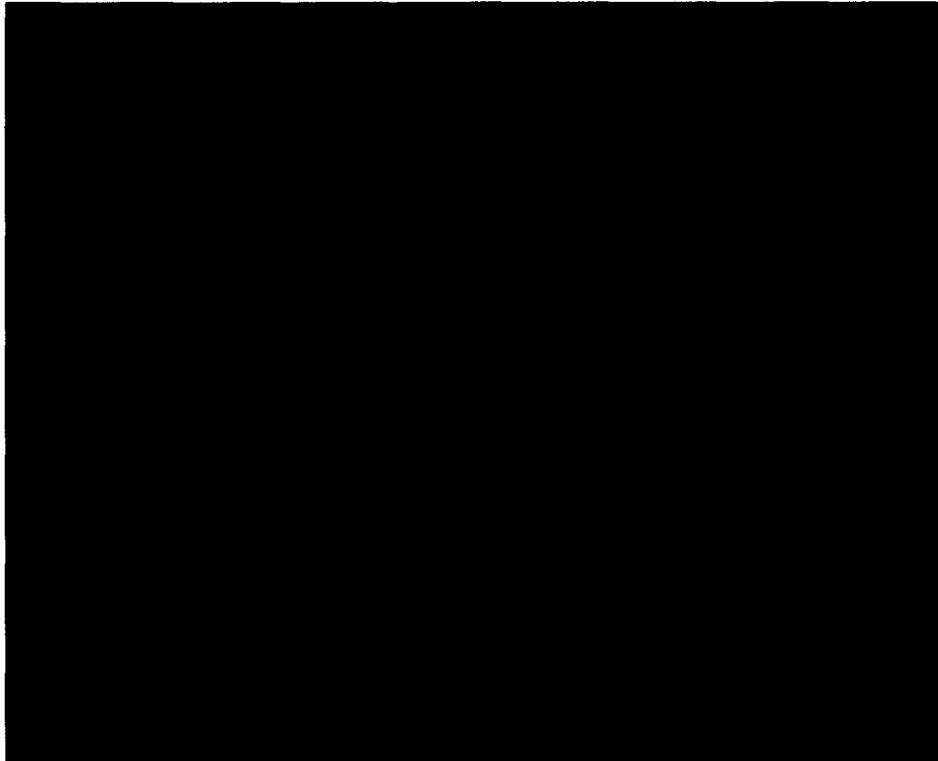


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ATTACHMENT 5



# Customer Location Methodology

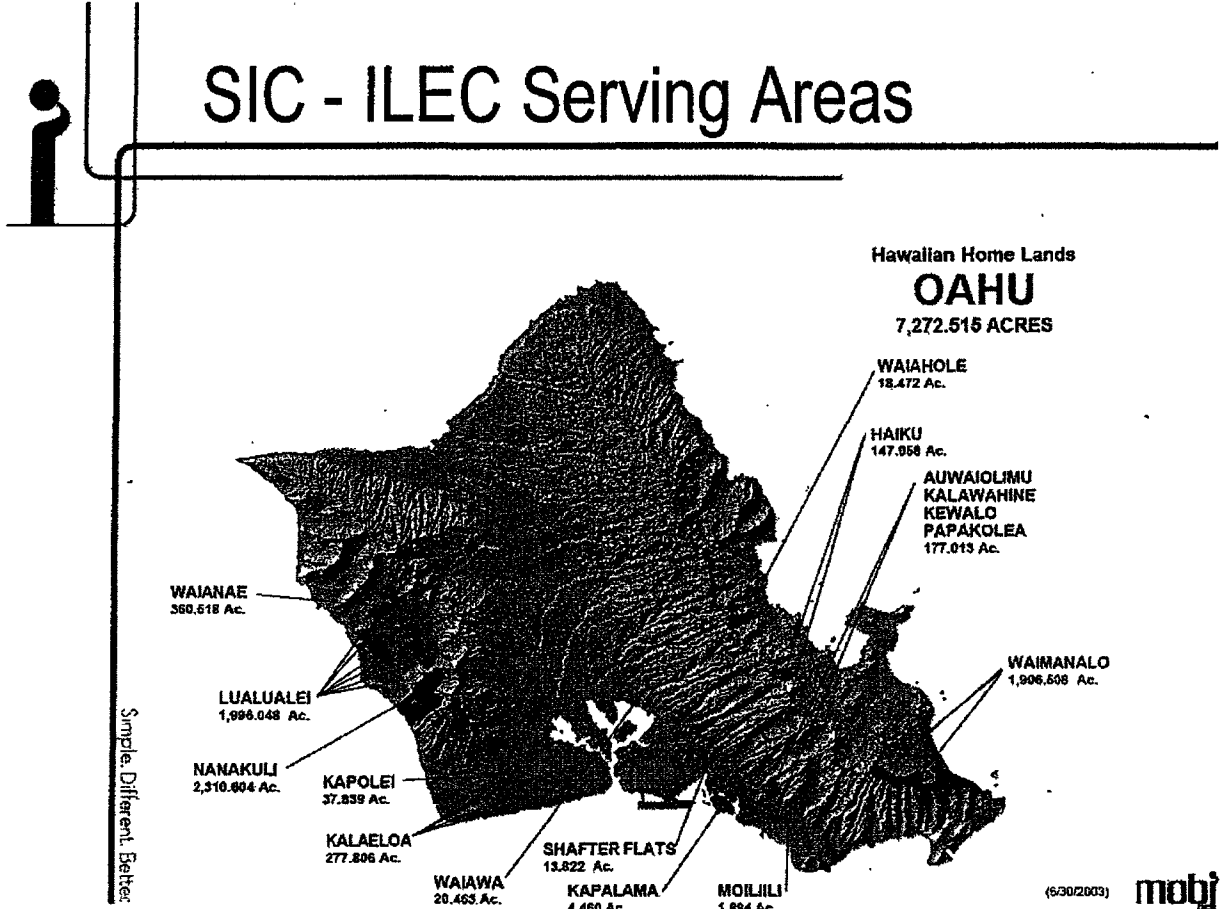


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ATTACHMENT 5






## Specific Example

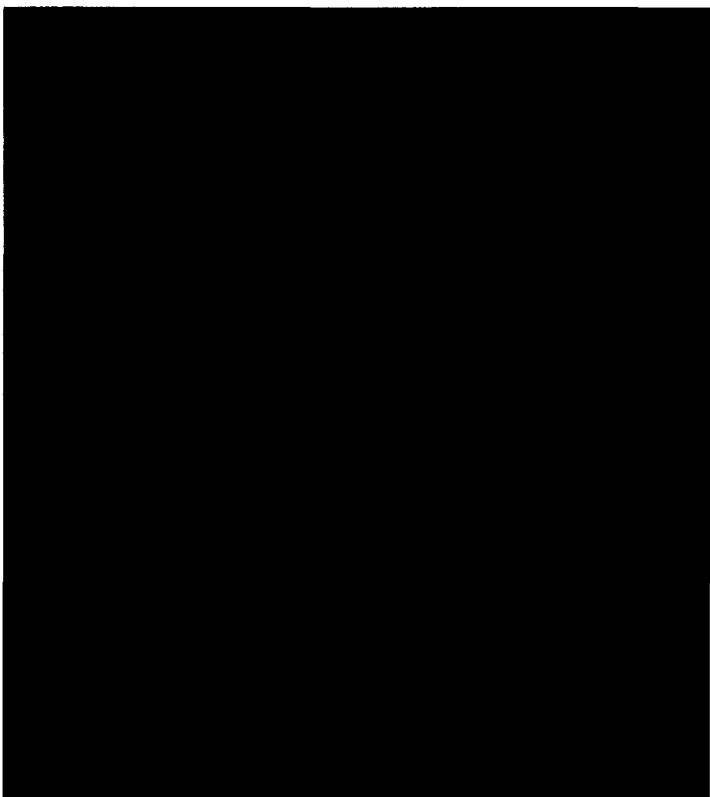


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## Specific Example




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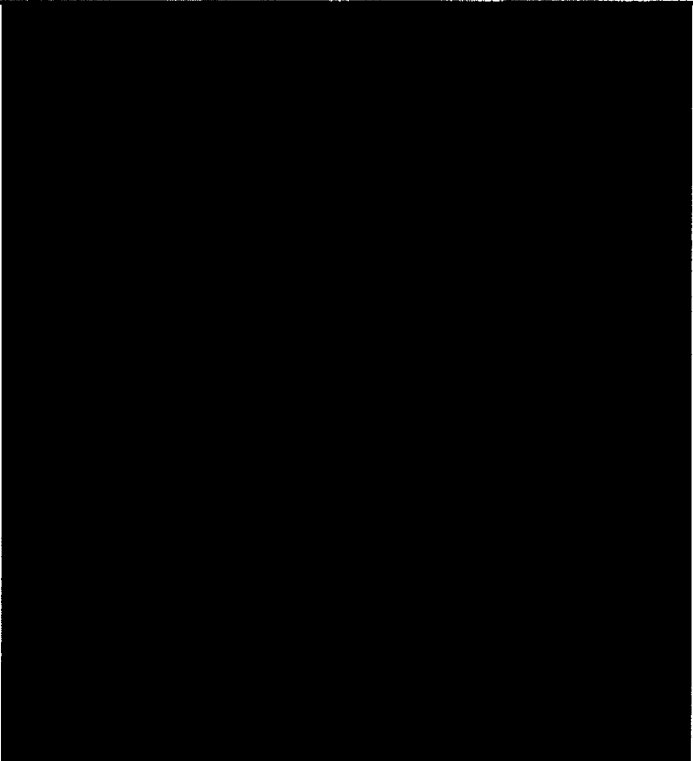
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ATTACHMENT 5



# Specific Example



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## Specific Example

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## Customer Location Issue

- 47 CFR § 54.307 (b)
  - Competitive eligible telecommunications carriers providing mobile wireless service in an incumbent LEC's service area shall use the customer's billing address for purposes of identifying the service location of a mobile wireless customer in a service area.
- Large sections of Hawaii rely on a post office box addressing system
- Post office boxes do not provide an adequate point to geocode customer locations to correct ILEC serving territories

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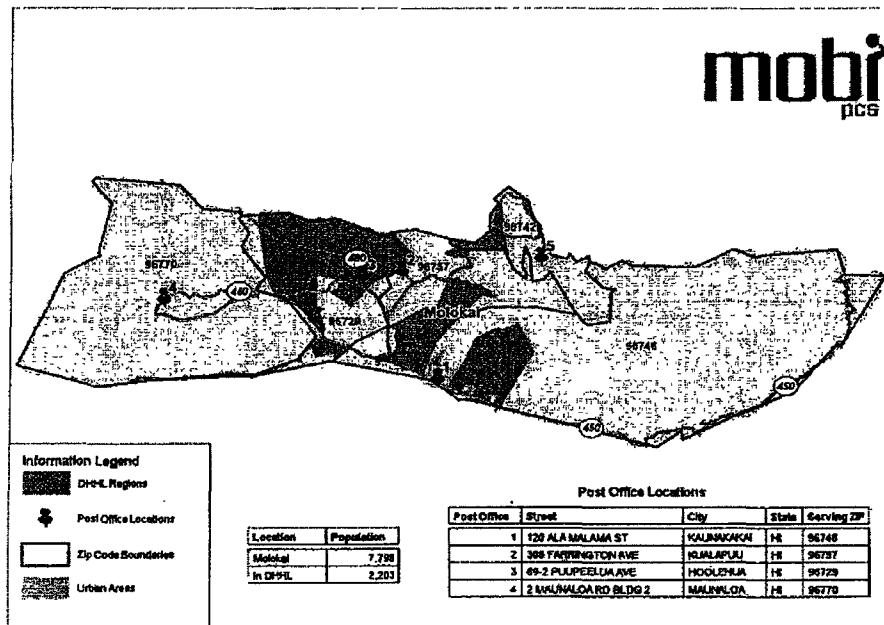


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# Specific Example

Molokai DHHL Regions and US Postal Codes



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pcg